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**FISCAL IMPACT STATEMENT**

**LS 6838**

**BILL NUMBER:** HB 1283

**NOTE PREPARED:** Dec 20, 2006

**BILL AMENDED:**

**SUBJECT:** Restricting Public Assistance for Illegal Aliens.

**FIRST AUTHOR:** Rep. Tincher

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:** ☒ **GENERAL**  
☒ **DEDICATED**  
☒ **FEDERAL**

**IMPACT:** State & Local

**Summary of Legislation:** This bill:

(A) Requires a law enforcement agency to: (1) cooperate with the U.S. Department of Homeland Security concerning illegal aliens; (2) upon arresting an individual suspected of being an illegal alien, attempt to verify the legal status of the individual and notify the individual, the Attorney General, and the U.S. Department of Homeland Security that the individual is suspected of being an illegal alien.

(B) Provides that an individual may not receive certain categories of public assistance, benefits for publicly funded health care, or certain health care services from publicly funded hospitals or health care facilities unless the individual is legally present in the United States.

(C) Requires a state educational institution to verify the legal status of each student.

(D) Prohibits a state educational institution from admitting or permitting attendance of an individual who is an illegal alien;

(E) Prohibits an agency from issuing or renewing a license, permit, or any other official authorization to an illegal alien.

(F) Requires each employer in the state to verify to the Department of Workforce Development by October 1, 2007, that each employee of the employer is a legal resident of the United States, and establishes an ongoing duty to verify the same concerning each new hire. It establishes a civil penalty equal to the total payroll of the employer for the calendar month previous to the violation for an employer's failure to verify

an employee's resident status.

(G) Makes immigration forgery a Class C felony.

**Effective Date:** July 1, 2007.

**Explanation of State Expenditures:** (A) *Law Enforcement Agencies:* The bill requires a law enforcement agency to cooperate with the U.S. Department of Homeland Security regarding an individual who is arrested if the individual is suspected of being an illegal alien. As proposed, law enforcement agencies would be required to notify the Attorney General and the U.S. Department of Homeland Security of the suspected status of the individual and provide additional information concerning the individual to another public entity. Agencies would also be required to attempt to verify the legal status of the individual, notify the person of the individual's suspected status as an illegal alien, and inform the individual that they must prove their legal status, obtain legal status, or leave the country. The Indiana State Police (ISP) reports that if it detains an illegal alien, the ISP currently notifies U.S. Immigration and Customs Enforcement (ICE), which is within the U.S. Department of Homeland Security. Notification of the Attorney General or provision of additional information to another public entity would increase workload minimally. Verifying the identity of a person who has been arrested falls within the current responsibilities of local law enforcement agencies.

(B) *Public Assistance and Publicly Funded Health Care:* This bill disallows a person from receiving public assistance or health care services (excepting emergency medical services which are required by federal law) unless the individual's legal status has been verified as a United States citizen, an alien lawfully admitted as a permanent resident, or an alien lawfully admitted for a temporary period that has not yet expired.

Public assistance is defined under the bill as benefits, assistance, or coverage provided by: the Department of Child Services (DCS), the State Department of Health (SDH), the Family and Social Services Administration (FSSA), or a township trustee providing township assistance. Programs which do not currently verify legal status would be required to do so and would experience a minimal increase in administrative duties. Programs which would require verification may not be completely identified below.

The FSSA reports that services under Medicaid, Food Stamps, and Temporary Assistance for Needy Families (TANF) are already restricted to persons legally present in the United States. The programs require various types of documents to prove legal residence including birth certificates, social security cards, and ICE visa or documentation. Both the DCS and SDH report that they currently do not have any services which are restricted to only United States citizens and persons legally present in the United States. Furthermore, they report that legal status is not currently verified prior to service provision. The Township Association reports that persons receiving township assistance must be eligible for TANF and that documentation of citizenship is required.

This provision of the bill could potentially reduce the number of persons in the state who are eligible for public assistance or public health care. This could result in savings for the state or allow the state to redirect the funds to other persons needing services within a program for which services were not provided under the bill. Actual savings for the state would be dependent on the number of persons no longer eligible for services and the type and cost of services that they would otherwise receive. [Note: Some of these programs may be reimbursable by the federal government. Should the state not reallocate the funds to other persons within a program for services, the state could potentially reduce its overall federal funding.]

The Urban Institute estimated that as of 2002 there were 75,000 to 100,000 undocumented persons in

Indiana.

(C) *State Educational Institutions:* The bill disallows a state educational institution from admitting, enrolling, or permitting the attendance of an individual who is not a United States citizen, an alien lawfully admitted as a permanent resident, or an alien lawfully admitted for a temporary period that has not yet expired. The Higher Education Commission reports that currently there are no state laws pertaining to state educational institutions and admission of persons attending who are not in the United States legally. Decisions pertaining to admission are made by each individual school's board of trustees. Currently, there are no board of trustee official policies. Furthermore, the Commission reports that general practice is as follows: if a person graduated from a high school in Indiana and attended for a minimum of three years, the person is treated as an Indiana resident and is eligible for in-state tuition. If a person attended for fewer than three years, the individual is required to pay out-of-state tuition. The length of time an individual attended high school is determined from high school transcripts. The number of students who attend a state educational institution and would no longer be eligible to attend under the bill is not known. State educational institutions would not necessarily experience an increase or decrease in expenditures and/or revenues. A student not admitted under the bill might be replaced by another eligible student. State educational institutions could experience an increase or decrease in expenditures or revenues depending on the number of students no longer eligible to attend under the bill and the type of student (i.e., length of attendance and type of tuition) the student was or was not replaced with.

The bill requires a state educational institution to verify the legal status of each individual enrolled or in attendance at the institution at the beginning of each term or semester. The Higher Education Commission reports that there are approximately 260,000 students attending a state educational institution. Initial verification of all students would increase administrative duties for state educational institutions significantly. Subsequently, institutions would be required to: (1) monitor students who are attending and have temporary legal residency in the United States, and (2) verify all new students (approximately 50,000 annually).

*Background Information:* The Higher Education Commission reports that 50% of students graduate within six years. The Commission also reports that the average in-state tuition is approximately \$6,385 and out-of-state tuition is approximately \$19,155, annually.

(F) *Employee Verification:* The bill requires Indiana employers to verify to the Department of Workforce Development (DWD) that each employee of the employer is a legal resident of the United States. Under the bill, the DWD would be required to prescribe a manner for employers to report the aforementioned information. The administrative workload of the DWD would increase as a result; however, actual increases are dependent on administrative action.

(G) *Penalty Provision:* The bill makes immigration forgery a Class C felony. A Class C felony is punishable by a prison term ranging from two to eight years depending upon mitigating and aggravating circumstances. Assuming offenders can be housed in existing facilities with no additional staff, the average cost for medical care, food, and clothing is approximately \$1,825 annually, or \$5 daily, per prisoner. However, any additional expenditures are likely to be small. The average length of stay in Department of Correction (DOC) facilities for all Class C felony offenders is approximately two years.

**Explanation of State Revenues:** (E) *Issuance of Licenses, Permits, or other Official Authorizations:* The bill disallows an agency from issuing or renewing a license, permit, or any other official authorization to an individual who is not a United States citizen, an alien lawfully admitted to the United States as a permanent

resident, or a person who is otherwise authorized under federal law to be present in the United States. The actual number of licenses, permits, or other official authorizations which would no longer be issued or renewed is unknown. Certain licenses, permits, or other official authorizations require verification of a driver's license or state identification card prior to issuance. Persons without identification would already not be eligible for a license, permit, or official authorization. The state would likely experience a reduction in revenue from fees collected for applications for issuance or renewal of licenses, permits, or other official authorizations. Actual reductions are indeterminable.

(G) *Penalty Provision:* If additional court cases occur and fines are collected, revenue to both the Common School Fund (from criminal fines) and the state General Fund (from court fees) would increase. The maximum fine for a Class C felony is \$10,000. However, any additional revenues would likely be small.

(F) *Civil Penalty:* An employer that: (1) fails to verify with the DWD that each of its employees is a legal resident of the United States, or (2) falsified a verification requirement, is subject to a civil penalty equal to the total payroll for the employer for the calendar month previous to the violation. Civil penalties collected would be deposited in the state General Fund. State revenue could potentially increase as a result; however, actual increases in revenue would be dependent on the number of civil penalties imposed and the dollar amount attached to each penalty.

See *Explanation of State Expenditures* regarding state educational institutions.

**Explanation of Local Expenditures:** (G) *Penalty Provision:* If more defendants are detained in county jails prior to their court hearings, local expenditures for jail operations may increase. However, any additional expenditures would likely be small.

See *Explanation of State Expenditures* regarding law enforcement agencies and public assistance and publicly funded health care.

**Explanation of Local Revenues:** (G) *Penalty Provision:* If additional court actions occur and a guilty verdict is entered, local governments would receive revenue from court fees. However, the amounts would likely be small.

**State Agencies Affected:** All state agencies; state educational institutions.

**Local Agencies Affected:** Trial courts, local law enforcement agencies.

**Information Sources:** Steve Hillman, Indiana State Police; Michelle Milliken, Department of Health; John Ryan, Department of Child Services; John Wood, Department of Child Services; Amy Davis, Family and Social Services Administration; Barbara McNutt, Indiana Professional Licensing Agency; Higher Education Commission; Stephen Buschmann, Indiana Township Association; *Urban Institute, Undocumented Immigrants: Facts and Figures*, 2004.

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